

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Federal Communications Commission
Office of Secretary

In the Matter of

Billed Party Preference for
InterLATA 0+ Calls

CC Docket No. 92-77

**SUPPLEMENTAL REPLY COMMENTS OF THE
AMERICAN PUBLIC COMMUNICATIONS COUNCIL**

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The American Public Communications Council ("APCC") submits the following reply comments in response to the Common Carrier Bureau's Public Notice, DA 96-1695, released October 10, 1996. APCC's reply comments address operator services that are provided to users of public payphones, and are not applicable to services provided to inmates of confinement facilities.

The supplemental comments filed in response to the notice reaffirm that there are numerous problems with the Commission's alternative proposal to provide a rate quote on all 0+ calls regardless of whether a rate quote has been requested or whether the operator service provider's ("OSP") rate exceeds a benchmark rate. Payphone providers, local exchange carriers, and interexchange carriers all generally agree that providing a rate disclosure would add substantial cost and would result in significant call processing delays. Bell Atlantic, BellSouth and NYNEX at 4; Comptel at 7-9; Intellicall at 3-7; MCI at 3-5; US West at 17-19. Therefore, it seems clear that requiring such a rate disclosure on every

single 0+ call would impose substantial cost and inconvenience without compensatory benefits.

If the rate-quote-on-every-call alternative is eliminated from consideration, the primary options that remain are (1) to require a rate quote (or an appropriate announcement) on calls for which rates exceed a reasonable benchmark (APCC at 9) ("Benchmark Approach"), or (2) to require a prompt to be delivered with the OSP's brand indicating how to obtain a rate quote without abandoning the call ("Rates-on-Request Approach") (Comptel at 2-5). The discussion below focuses on these two alternatives.

**I. THE BENCHMARK APPROACH IS MORE LIKELY TO
ACHIEVE THE COMMISSION'S OBJECTIVES**

APCC continues to believe that the Benchmark Approach, requiring a rate quote or other announcement on all calls exceeding a reasonable benchmark, is the superior of these two alternatives. The primary benefit sought in this proceeding is to protect consumers from unknowingly incurring unexpectedly high rates. The Benchmark Approach is more likely to achieve that objective because (1) it can be narrowly targeted at calls involving unusually high rates, and (2) it alerts consumers when they are making unusually high-priced calls, without waiting for the consumer to request price information. The Rates-on-Request Approach is less likely to protect relatively unsophisticated consumers because it would provide information only to those consumers that affirmatively request such information.¹

¹ One of the groups that would be primarily benefited by rules adopted in this (Footnote continued)

II. THE RATE-QUOTES-ON-REQUEST APPROACH PRESENTS MAJOR IMPLEMENTATION PROBLEMS FOR STORE-AND-FORWARD PAYPHONES

Another disadvantage of the Rates-on-Request Approach is that it presents major implementation problems for payphone providers that use store-and-forward technology located within the payphone. As discussed by APCC and Intellicall, payphones that use store-and-forward technology to process 0+ calls generally do not have the capability, at present, to provide rate quotes on request on 0+ calls. Unlike other OSPs, store-and-forward payphone providers save transmission costs by providing their call processing capability in the payphone itself. With call processing taking place in each payphone, limited memory is available for rate tables, and it is not practical to reroute the call to a live operator.²

As discussed below, providing exact rate quotes on request is likely to be prohibitively expensive for most store-and-forward payphone providers, whether at new or

(Footnote continued)

proceeding consists of relatively unsophisticated consumers who do not have "proprietary" calling cards or who do not customarily dial access codes when making away-from-home calls. Members of this group are more likely to be occasional callers who may not even be aware of the possibility of being charged unusually high rates for 0+ calls. Thus, members of this group are less likely to affirmatively request rate information and more likely to benefit from the Benchmark Approach.

² If a calling party requested a rate quote, the call theoretically could be rerouted to a live operator, who could then provide a rate quote. However, the payphone provider would no longer be in a position to process that call using the store-and-forward technology in the payphone. If a called party requested a rate quote (i.e., on a collect call), a live operator could not be reached by including some type of call conferencing or similar capability in the payphone. Thus, as a practical matter, the rate quote would have to be provided from within the payphone.

embedded payphones. Providing maximum or average rates on request, on the other hand, is generally feasible for store-and-forward payphone providers, but still involves significant cost, especially if it is necessary to retrofit the installed base.

A. Providing Exact Rates On Request Would Impose Prohibitive Costs On Store-and-Forward Payphone Providers

According to the leading "smart" payphone manufacturer, providing exact rate quotes on request would greatly increase the cost of new payphones that use store-and-forward capability. Intellicall at 2-7. Retrofitting existing payphones to provide exact rate quotes on request appears to be totally infeasible for the bulk of the embedded base. Id. See also U S West at 18. Thus, it is probable that a requirement to provide exact rate quotes on request on all 0+ calls would force payphone providers that currently use payphone-based store-and-forward technology to switch to a different method of handling 0+ calls. These providers' existing investment in store-and-forward technology would be effectively "stranded."

B. Providing Average Or Maximum Rates on Request Would Be Feasible At Some Cost

If store-and-forward payphone providers could provide an average or maximum rate when rate quotes were requested,³ then the cost of providing rate quotes in new payphones would be much less and would not threaten the ability of payphone providers to

³ Under this approach, consumers could still obtain an exact rate quote by dialing the 800 number posted on the payphone.

continue providing payphone-based operator services. For the installed base, the Rates-on-Request Approach would involve significant cost but probably would be feasible for a substantial part of the installed base.

In summary, a requirement to provide rate quotes on request, without regard to benchmarks, would impose substantial costs on providers of payphone-based "store-and-forward" operator services. The costs would be prohibitive if ~~exact~~ rate quotes are required. Under a reasonable Benchmark Approach, these costs could be avoided by keeping rates below the applicable benchmarks.

CONCLUSION

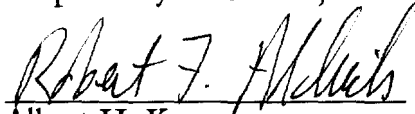
Since a benchmark approach would be more likely to achieve the Commission's primary objective in this proceeding and would allow store-and-forward payphone providers to avoid incurring potentially prohibitive costs, a reasonable benchmark approach should be adopted. If the Benchmark Approach is chosen, the Commission should allow a transition period, as discussed in APCC's supplemental comments, before instituting any benchmarks lower than those proposed by the industry coalition, so that the industry has time to implement the compensation plan adopted in Docket No. 96-128 and to adjust to the changes in the sources of payphone revenue.

If the Rates-on-Request Approach is chosen, the Commission should allow store-and-forward payphone providers to provide average or maximum rates on request, rather than exact rate quotes. In addition, existing equipment should be grandfathered as

long as the operator services provided using that equipment do not exceed a reasonable benchmark rate.

December 3, 1996

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Robert F. Aldrich", written over a horizontal line.

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